

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/12/01

FOR THE YEARS ENDED
JUNE 30, 2001, 2000 AND 1999

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Hospital Service District No. 1
Parish of Claiborne, State of Louisiana
Haynesville, Louisiana

We have audited the accompanying general purpose financial statements of Hospital Service District No. 1, Parish of Claiborne, d/b/a North Claiborne Hospital (the District), a component unit of the Claiborne Parish Police Jury, as of June 30, 2001, 2000 and 1999, listed in the foregoing table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospital Service District No. 1, Parish of Claiborne, d/b/a North Claiborne Hospital, as of June 30, 2001, 2000 and 1999, and the results of its operations, changes in fund balance and cash flows for the periods then ended in conformity with generally accepted accounting principles applicable to governmental entities.

In accordance with Government Auditing Standards, we have also issued a report dated October 15, 2001, on our consideration of the District's internal control over financial reporting and our test of its compliance with certain provisions of laws and regulations.

Board of Commissioners
Hospital Service District No. 1
Parish of Claiborne, State of Louisiana
Page Two

Our audits were conducted for the purpose of forming an opinion on the general purpose financial statements, taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Hospital Service District No. 1, Parish of Claiborne, d/b/a North Claiborne Hospital. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Lester, Miller & Wells
Certified Public Accountants

October 15, 2001

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
BALANCE SHEETS - UNRESTRICTED FUNDS
JUNE 30, 2001, 2000 AND 1999

<u>ASSETS</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Current			
Cash and cash equivalents	\$ 55,947	\$ 99,168	\$ 124,497
Accounts receivable less estimated uncollectibles and allowances of \$0, \$14,609 and \$14,609 in 2001, 2000 and 1999, respectively (Note 4)	-0-	-0-	-0-
Rent receivable	-0-	-0-	5,000
Prepaid expenses	<u>11,662</u>	<u>8,970</u>	<u>8,028</u>
Total current assets	67,609	108,138	137,525
Investments (Note 3)	473,402	364,754	255,770
Property, plant and equipment, net (Note 5)	<u>594,550</u>	<u>633,040</u>	<u>686,422</u>
Total assets	<u>\$ 1,135,561</u>	<u>\$ 1,105,932</u>	<u>\$ 1,079,717</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Current			
Accounts payable	\$ <u>181</u>	\$ <u>140</u>	\$ <u>106</u>
Total liabilities	181	140	106
Fund balance - unrestricted			
Contributions	198,982	198,982	198,982
Accumulated excess of revenues over expenses	<u>936,398</u>	<u>906,810</u>	<u>880,629</u>
Total fund balance	<u>1,135,380</u>	<u>1,105,792</u>	<u>1,079,611</u>
Total liabilities and fund balance	<u>\$ 1,135,561</u>	<u>\$ 1,105,932</u>	<u>\$ 1,079,717</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
STATEMENTS OF OPERATIONS - UNRESTRICTED FUNDS
FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Operating revenue			
Rent revenue	\$ 93,000	\$ 91,000	\$ 96,000
Other operating revenue	<u>1,761</u>	<u>797</u>	<u>281</u>
Total operating revenue	<u>94,761</u>	<u>91,797</u>	<u>96,281</u>
Operating expenses			
Salaries and benefits	6,813	5,792	5,737
Insurance	17,080	16,119	15,616
Depreciation	47,735	53,382	52,661
Other expenses	<u>19,731</u>	<u>9,316</u>	<u>15,178</u>
Total operating expenses	<u>91,359</u>	<u>84,609</u>	<u>89,192</u>
Operating income (loss)	<u>3,402</u>	<u>7,188</u>	<u>7,089</u>
Nonoperating gains (losses)			
Interest income	<u>26,186</u>	<u>18,993</u>	<u>20,312</u>
Total nonoperating gains (losses)	<u>26,186</u>	<u>18,993</u>	<u>20,312</u>
Excess of revenues over (expenses)	<u>\$ 29,588</u>	<u>\$ 26,181</u>	<u>\$ 27,401</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
STATEMENTS OF CHANGES IN UNRESTRICTED FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

Changes in fund balance:

Fund balance, June 30, 1998	\$ 1,052,210
Excess of revenues over (expenses)	<u>27,401</u>
Fund balance, June 30, 1999	1,079,611
Excess of revenues over (expenses)	<u>26,181</u>
Fund balance, June 30, 2000	1,105,792
Excess of revenue over (expenses)	<u>29,588</u>
Fund balance, June 30, 2001	<u>\$ 1,135,380</u>

Composition of fund balances at June 30, 2001

Contributions	\$ 198,982
Accumulated excess of revenues over (expenses)	<u>936,398</u>
Fund balance, June 30, 2001	<u>\$ 1,135,380</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
STATEMENTS OF CASH FLOWS - UNRESTRICTED FUNDS
FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

	2001	2000	1999
Cash flows from operating activities:			
Operating income (loss)	\$ 3,402	\$ 7,188	\$ 7,089
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	47,735	53,382	52,661
Changes in:			
Rent receivable	-0-	5,000	-0-
Prepaid expenses	(2,692)	(942)	(913)
Accounts payable and accrued expenses	<u>41</u>	<u>34</u>	<u>(9,327)</u>
Net cash provided by (used in) operations	<u>48,486</u>	<u>64,662</u>	<u>49,510</u>
Cash flows from investing activities:			
Transfer construction in progress to property, plant and equipment	-0-	-0-	205,690
Cash invested in short-term certificates of deposit	(108,648)	(108,984)	(15,345)
Interest on investments	<u>26,187</u>	<u>18,993</u>	<u>20,312</u>
Net cash provided by (used in) investing activities	<u>(82,461)</u>	<u>(89,991)</u>	<u>210,657</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(9,246)</u>	<u>-0-</u>	<u>(268,123)</u>
Net cash used in capital and related financing activities	<u>(9,246)</u>	<u>-0-</u>	<u>(268,123)</u>
Cash flows from non-capital financing activities:			
Net cash provided by (used in) non-capital financing activities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net increase (decrease) in cash and cash equivalents	(43,221)	(25,329)	(7,956)
Cash and cash equivalents at beginning of year	<u>99,168</u>	<u>124,497</u>	<u>132,453</u>
Cash and cash equivalents at end of year	\$ <u>55,947</u>	\$ <u>99,168</u>	\$ <u>124,497</u>

See accompanying notes to financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

NOTE 1 - ORGANIZATION AND OPERATIONS

Legal Organization

The Claiborne Parish Hospital Service District No. 1 (the District) was created by an ordinance of the Claiborne Parish Police Jury.

As the governing authority of the parish, for reporting purposes, the Claiborne Parish Police Jury is the financial reporting entity for Claiborne Parish. The financial reporting entity consists of (a) the primary government (Police Jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because the Police Jury appoints all commissioners of the Claiborne Parish Hospital Service District, the District was determined to be a component unit of the Claiborne Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Nature of Business

The District operated the facility as a hospital until January 31, 1992. Subsequently, the District began leasing its facility, when possible, for use as a hospital and/or medical offices.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Enterprise Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Method of Accounting

The Hospital uses the accrual method of accounting. Revenue is recognized at full established rates, even though contractual agreements are settled for less. Provision is made for the resulting contractual adjustments based upon each payor's agreement. Expenses are recorded when incurred. Hospital accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Method of Accounting (Continued)

24:513 and to the guide set forth in the Louisiana Governmental Audit Guide, the AICPA Audit and Accounting Guide Health Care Organizations, and standards set by the Governmental Accounting Standards Board (GASB), including Statement 20 which applies the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB).

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits in checking and savings accounts and certificates of deposit with maturity dates of ninety days or less. The caption "cash and cash equivalents" does not include amounts whose use is limited.

Uncollectible Accounts

The Hospital's estimate of collectibility is based on evaluation of historical collections compared to gross revenues to establish an allowance for uncollectible accounts.

Income Taxes

The entity is a political subdivision and exempt from taxation.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost for purchased assets or at fair market value on the date of any donation. The Hospital uses straight-line depreciation for financial reporting and third party reimbursement. The following estimated useful lives are generally used.

Land improvements	10 years
Buildings	10 to 40 years
Fixed equipment	5 to 20 years
Major moveable equipment	4 to 20 years

Expenditures for additions, major renewals and betterments are capitalized and expenditures for maintenance and repairs are charged to operations as incurred.

The cost of assets retired or otherwise disposed of and related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently.

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Third Party Payor Revenues

Contractual agreements with governmental agencies provide for reimbursement based on a fixed price per patient stay based upon the patient's primary diagnosis for Medicare inpatient services. Medicare outpatients and all Medicaid programs were reimbursed based upon the lesser of reasonable cost (subject to certain limits) or charges to patients. These reimbursements are subject to final audit and retroactive adjustments by each payor. The last outstanding report dated January 31, 1992, has prescribed.

Statement of Revenues and Expenses

For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as gains and losses.

NOTE 3 - INVESTMENTS

The District considers certificates of deposits with original maturities in excess of 90 days to be temporary cash investments. Of the \$529,349 total deposits at June 30, 2001, \$222,774 was not secured at the balance sheet date by federal depository insurance coverage or pledged securities. At June 30, 2000 and 1999 all deposits were secured as of the balance sheet date. For all deposits, the market value and carrying value are the same.

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Category 1 amounts which are insured by the FDIC or collateralized with securities held by the District or its agent in the District's name.	\$ 306,575	\$ 463,922	\$ 380,267
Uncollateralized	<u>222,774</u>	<u>-0-</u>	<u>-0-</u>
Investments, cash and cash equivalents	529,349	463,922	380,267
Less: Cash and cash equivalents	<u>55,947</u>	<u>99,168</u>	<u>124,497</u>
Total investments	\$ <u>473,402</u>	\$ <u>364,754</u>	\$ <u>255,770</u>

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

NOTE 4 - ACCOUNTS RECEIVABLE

A summary of accounts receivable is presented below:

	2001	2000	1999
Patient accounts receivable	\$ -0-	\$ 14,609	\$ 14,609
Estimated allowances for uncollectibles	____ (-0-)	____ (14,609)	____ (14,609)
Total	\$ ____ -0-	\$ ____ -0-	\$ ____ -0-

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment and related accumulated depreciation for the years ended June 30, 2001, 2000 and 1999. Previous year balances have been restated to reflect assets which were reclassified.

	<u>ASSET COST</u>			June 30, 2001
	June 30, 2000	Additions	Deductions	
Land	\$ 33,707	\$ -0-	\$ -0-	\$ 33,707
Land improvements	31,884	6,056	-0-	37,940
Buildings	1,016,928	-0-	-0-	1,016,928
Fixed equipment	173,694	-0-	-0-	173,694
Major moveable equipment	____ 518,635	____ 3,188	____ -0-	____ 521,823
Total	\$ <u>1,774,848</u>	\$ <u>9,244</u>	\$ <u>-0-</u>	\$ <u>1,784,092</u>

	<u>ACCUMULATED DEPRECIATION</u>			June 30, 2001
	June 30, 2000	Additions	Deductions	
Land improvements	\$ 23,570	\$ 1,569	\$ -0-	\$ 25,139
Buildings	499,481	31,958	-0-	531,439
Fixed equipment	176,156	380	-0-	176,536
Major moveable equipment	____ 442,601	____ 13,827	____ -0-	____ 456,428
Total	\$ <u>1,141,808</u>	\$ <u>47,734</u>	\$ <u>-0-</u>	\$ <u>1,189,542</u>

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	<u>ASSET COST</u>			<u>June 30, 2000</u>
	<u>June 30, 1999</u>	<u>Additions</u>	<u>Deductions</u>	
Land	\$ 33,707	\$ -0-	\$ -0-	\$ 33,707
Land improvements	31,884	-0-	-0-	31,884
Buildings	1,016,928	-0-	-0-	1,016,928
Fixed equipment	173,694	-0-	-0-	173,694
Major movable equipment	518,635	-0-	-0-	518,635
Construction in progress	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 1,774,848</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,774,848</u>

	<u>ACCUMULATED DEPRECIATION</u>			<u>June 30, 2000</u>
	<u>June 30, 1999</u>	<u>Additions</u>	<u>Deductions</u>	
Land improvements	\$ 22,569	\$ 1,001	\$ -0-	\$ 23,570
Buildings	466,411	33,070	-0-	499,481
Fixed equipment	171,903	4,253	-0-	176,156
Major movable equipment	<u>427,543</u>	<u>15,058</u>	<u>-0-</u>	<u>442,601</u>
Total	<u>\$ 1,088,426</u>	<u>\$ 53,382</u>	<u>\$ -0-</u>	<u>\$ 1,141,808</u>

	<u>ASSET COST</u>			<u>June 30, 1999</u>
	<u>June 30, 1998</u>	<u>Additions</u>	<u>Deductions</u>	
Land	\$ 33,707	\$ -0-	\$ -0-	\$ 33,707
Land improvements	22,854	9,030	-0-	31,884
Buildings	807,255	209,673	-0-	1,016,928
Fixed equipment	173,694	-0-	-0-	173,694
Major movable equipment	495,722	22,913	-0-	518,635
Construction in progress	<u>179,183</u>	<u>26,507</u>	<u>(205,690)</u>	<u>-0-</u>
Total	<u>\$ 1,712,415</u>	<u>\$ 268,123</u>	<u>\$ (205,690)</u>	<u>\$ 1,774,848</u>

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	June 30, <u>1998</u>	<u>ACCUMULATED DEPRECIATION</u>		June 30, <u>1999</u>
		<u>Additions</u>	<u>Deductions</u>	
Land improvements	\$ 21,997	\$ 572	\$ -0-	\$ 22,569
Buildings	434,261	32,150	-0-	466,411
Fixed equipment	171,523	380	-0-	171,903
Major movable equipment	<u>407,984</u>	<u>19,559</u>	<u>-0-</u>	<u>427,543</u>
Total	<u>\$ 1,035,765</u>	<u>\$ 52,661</u>	<u>\$ -0-</u>	<u>\$ 1,088,426</u>

NOTE 6 - PROPERTY TAX LEVYING

In August, 1995, 1996, and 1997, the Board passed a resolution to suspend the levying of the 10 mill property tax for North Claiborne Hospital Service District No. 1 for 1996, 1997, and 1998, respectively. In 1998, 1999, 2000 and 2001 the Board did not pass the resolution.

NOTE 7 - CONTINGENCIES

The District evaluates contingencies based upon the best available evidence. The District believes that no allowances for loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts which vary from the District's estimates, future earnings will be charged or credited. The District is not aware of any contingencies at this time.

NOTE 8 - LEASE OF HOSPITAL FACILITY

On April 16, 1996, North Claiborne Service District No. 1 leased the hospital to Homer Memorial Hospital to establish a behavioral health unit (BHU). The lease began June 1, 1996, and was renewed automatically for one month periods beginning on the first day of each month thereafter. The lease was last renewed in July of 2001 for six months at a rate of \$5,000 per month effective July 1, 2001. Written notice was given by Homer Memorial Hospital (Homer) on May 7, 2001, of the possibility of continuing the lease on a month to month basis until Homer's new BHU space is ready for occupancy. Therefore, hospital lease income could end in fiscal 2002.

A one year lease in the monthly amount of \$1,500 was renewed with local physicians in December of 2000, effective January, 2001.

SUPPLEMENTAL INFORMATION

HOSPITAL SERVICE DISTRICT NO. 1
 OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
 NORTH CLAIBORNE HOSPITAL
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF OTHER OPERATING REVENUE - UNRESTRICTED FUNDS
 FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Bad debt recoveries	\$ -0-	\$ -0-	\$ 158
Miscellaneous	<u>1,761</u>	<u>797</u>	<u>123</u>
Total other operating revenue	\$ <u>1,761</u>	\$ <u>797</u>	\$ <u>281</u>

HOSPITAL SERVICE DISTRICT NO. 1
 OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
 NORTH CLAIBORNE HOSPITAL
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF OPERATING EXPENSES - SALARIES AND BENEFITS
 UNRESTRICTED FUNDS
 FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Salaries	\$ 6,180	\$ 5,160	\$ 5,240
Payroll taxes	469	461	394
Insurance	<u>164</u>	<u>171</u>	<u>103</u>
Total salaries and benefits	\$ <u>6,813</u>	\$ <u>5,792</u>	\$ <u>5,737</u>

HOSPITAL SERVICE DISTRICT NO. 1
 OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
 NORTH CLAIBORNE HOSPITAL
 HOSPITAL ENTERPRISE FUND
 STATEMENTS OF OPERATING EXPENSES - OTHER EXPENSES
 UNRESTRICTED FUNDS
 FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Maintenance	\$ 11,741	\$ 3,421	\$ 4,963
Professional fees	5,729	2,405	6,760
Telephone	650	600	600
Office supplies and postage	274	215	1,731
Advertising	380	1,599	955
Other	<u>957</u>	<u>1,076</u>	<u>169</u>
Total other expenses	\$ <u>19,731</u>	\$ <u>9,316</u>	\$ <u>15,178</u>

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
SCHEDULE OF PER DIEM AND
OTHER COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Board Members:			
Mr. H. U. Slaid, Chairman	None	None	None
Mr. Dump Hatter, Vice Chairman	None	None	None
Mr. Keith Killgore	None	None	None
Mr. Charlie Estep	None	None	None
Mr. Mickey Mayfield	None	None	None

Bobby G. Lester, CPA
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Alexandria, LA 71306-1758

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS CONDUCTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Hospital Service District No. 1
Parish of Claiborne, State of Louisiana
Haynesville, Louisiana

We have audited the general purpose financial statements of the Hospital Service District No. 1, Parish of Claiborne, d/b/a North Claiborne Hospital (the District) for the year ended June 30, 2001, 2000 and 1999 and have issued our report thereon dated October 15, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance that would be required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because the number of employees is limited, it is impractical to segregate duties and have any appreciable internal control structure. We noted no other matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Commissioners
Hospital Service District No. 1
Parish of Claiborne, State of Louisiana
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This report is intended for the information of the Board of Commissioners, management and the office of the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Certified Public Accountants

October 15, 2001

HOSPITAL SERVICE DISTRICT NO. 1
OF THE PARISH OF CLAIBORNE, STATE OF LOUISIANA
NORTH CLAIBORNE HOSPITAL
HOSPITAL ENTERPRISE FUND
AUDITORS' COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2001

Prior Year

None

Current Year

Finding: The District's deposits with two financial institutions exceeded the Federal Depository Insurance limits and the securities pledged in the name of the District.

Recommendation: We recommend obtaining additional pledged securities and monitor deposits on a monthly basis.

Response: The District's Board will obtain additional securities and will monitor the deposits more closely.

Finding: A prior year Board Member was still authorized to sign on accounts at one financial institution.

Recommendation: We recommend contacting the financial institution and have the Board Member's name removed from the signature card.

Response: The District's Board will contact the financial institution to remove the Board Member's name from the signature card.